

Initiatives taken by the government to implement programmes like the National Rural Health Mission (NRHM) and Sarva Shiksha Abhiyan (SSA) in the areas of health and education respectively will go a long way to improve status of health care and achievement of universal elementary education in the country.

Recruitment of agents by insurance companies

2182. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) Whether Insurance companies have been recruiting agents in large volumes and engage them in selling their policies without giving them proper professional orientation and training thereby short-changing the policy holders with ill-suited policies;

(b) whether between April and September, 2006 three private insurers have together registered more than 5 lakh prospective agents as against just over a lakh registered by LIC;

(c) whether a large share of these agents drop out eventually leaving the policy holders orphaned; and

(d) if so, whether Government would consider imposing stringent conditions on recruitment of agents and their full-fledged 100 hours training as stipulated by IRDA?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The Insurance Regulatory and Development Authority (IRDA) has informed that as per its Regulations, 100 hour pre-recruitment training is mandatory for appointment of a person as agent. However, instances of lapses in training on the part of certain Institutes have been noticed and after proper investigation, some of them have been suspended.

(b) As against approximately 50,000 agents recruited by the Life Insurance Corporation of India (LIC), three major private life insurers have together recruited about 1.50 lakh agents during the period April-September, 2006.

(c) IRDA has received a few cancellation requests from some insurers.

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However, the respective insurer is responsible for providing services to the policy-holders.

(d) To streamline the agents' training and examination system, IRDA has issued stringent guidelines for Insurers' Training Institutes and other Private Training Institutes.

Service Tax on placement services

2183. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether placement services rendered by campus placement cells at IITs and IIMs were earlier exempted from payment of Service Tax;

(b) whether the CBDT, in pursuance of provisions in the Finance Act, 2006 has since brought these placement cells under the purview of the Act demanding payment of Service Tax at 12.2 per cent of the charges paid by the recruiting company; and

(c) whether the CBDT has left the issue of levying Service Tax on campus placement cells of IIMs and IITs to the discretion on the field formation of IT Department?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Prior to 1.6.2006, any service provided in relation to the recruitment or supply of manpower, in any manner, by a 'commercial concern' was taxable service. The Central Board of Excise and Customs (CBEC) has clarified that IITs and IIMs are not 'commercial concerns'.

(b) and (c) *Vide* Finance Act, 2006, the scope of this taxable service has been widened. With effect from 1.5.2006 such service provided by 'any person' has been made 'taxable service'. Thus, the previous clarification is no longer valid for the period from 1.5.2006 onwards, and it has been clarified to the field formations that any decision in the matter should to be taken after taking into account all material facts on case to case basis.